

Message Text

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PAGE 01 STATE 176802
ORIGIN ARA-14

INFO OCT-01 PM-05 ISO-00 ACDA-12 SS-15 HA-05 EB-08
OMB-01 TRSE-00 AID-05 L-03 CIAE-00 INR-10 NSAE-00
MCE-00 H-01 /080 R

DRAFTED BY ARA/RPP:CEFINAN:BJF
APPROVED BY ARA - MR. MCNEIL
ARA - MR. ARELLANO
ARA/AND - MR. BARNEBEY
-----001785 131846Z /46

P R 131748Z JUL 78
FM SECSTATE WASHDC
TO AMEMBASSY QUITO PRIORITY
INFO CMDR USASAC ALEXANDRIA VA
USSOUTH COM QUARRY HTS CANAL ZONE
SECDEF WASHDC 0738

C O N F I D E N T I A L STATE 176802

E.O. 11652: GDS

TAGS: MASS, EC

SUBJECT: GOE REQUEST FOR CLARIFICATION OF DATA IN
CHAPARRAL/VULCAN LOA

REF: QUITO 4494

1. DEPARTMENT BROUGHT REFTEL TO ATTENTION OF DSAA WHICH
HAS PROVIDED FOLLOWING INFORMATION:

2. FOLLOWING ARE ANSWERS TO QUESTIONS PARA 2 REFTEL.

A. DIFFERENCE IN PRICE BETWEEN 2 BATTALION AND 3
BATTALION BUY IS BASED ON PRICE REDUCTION FOR QUANTITY
PURCHASE. AIM-9 MISSILE IS NOT SAME AS CHAPARRAL. PRICE
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 176802

OF \$62-\$66 THOUSAND IS LOWEST PRICE.

B. PRICE OF \$40,000 FOR MISSILE COMPONENTS MINUS WINGS
AND FINS DOES NOT INCLUDE (1) NON-RECURRING CHARGES
(RDT&E RECOUPMENT AND NON-RECURRING PRODUCTION COSTS);
(2) USG OR CONTRACTOR SUPPORT COSTS; (3) ASSEMBLY COST;
(4) COST OF WINGS AND FINS. NOT ALL ITEM PARTS ARE

INCLUDED IN CSP LISTING.

C. (1) SYSTEM REQUIREMENT SURVEY TEAM COST (\$158,000) IS BASED ON 10 MAN TEAM FOR 30 DAYS FOR BOTH CHAPARRAL AND VULCAN SYSTEMS. CUSTOMER WILL BE BILLED ONLY FOR ACTUAL COSTS INCURRED. (2) COST FOR 12 MAN MONTHS OF MAINTENANCE TECHNICIAN TIME IS BASED ON MAXIMUM FIGURE FOR INDIVIDUAL PLUS WIFE AND TWO CHILDREN, AND INCLUDES SHIPMENT OF HHE AND POV, SALARY PLUS 20 COST OF LIVING FACTOR (INCLUDES INFLATION), AIR FARES ROUND TRIP, TEMPORARY LODGING ALLOWANCES (CONUS AND HOST COUNTRY), QUARTERS ALLOWANCE, SCHOOL TUITION, IN-COUNTRY TDY, AND INFLATION FACTOR (OTHER THAN SALARY). THESE COSTS ARE ESTIMATES ONLY. CUSTOMER WILL BE BILLED ONLY FOR ACTUAL COSTS INCURRED.

D. COST OF MAINTENANCE EQUIPMENT WOULD NOT BE REDUCED BY OPTING FOR CENTRALIZED MAINTENANCE SYSTEM.

3. WITH REGARD TO PARA 3 REFTTEL, COST QUOTED BY FORD REP DOES NOT INCLUDE (1) COST OF WARHEAD; (2) COST OF FUZE; (3) FIRST DESTINATION CHARGE; (4) ASSEMBLY COST; (5) COST OF CONTAINER; (6) TESTING BY USG; AND (7) USG QUALITY ASSURANCE FUNCTION (MONITORING OF PRODUCTION).

4. WITH REGARD TO PARA 4 REFTTEL, WE NORMALLY DO NOT PROVIDE BREAKOUT OF COSTS AND WOULD PREFER NOT TO DO SO.
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PAGE 03 STATE 176802

WE BELIEVE THAT EXPLANATION OF COSTS CONTAINED PARA 1(B) AND PARA 2 ABOVE ARE SUFFICIENT.

5. CONGRESSIONAL REVIEW PERIOD FOR PROPOSED SALE EXPIRES 26 JULY AND WE ANTICIPATE DA WILL ISSUE SIGNED LETTER OF OFFER TO ECUADOR ON THAT DATE. EXPIRATION DATE OF LOA WILL BE 31 AUGUST AND NO EXTENSION TO THAT DATE CAN BE GRANTED. HOWEVER, IF GOE CANNOT SIGN BY THAT DATE BUT REMAINS INTERESTED WE COULD, UPON YOUR ADVICE, ARRANGE FOR DA TO REVALIDATE PRICES AND REISSUE LOA SUBSEQUENT TO 1 OCTOBER 1978. CHRISTOPHER

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